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### Trucks are destroying our roads and not picking up the repair cost

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## Trucks are destroying our roads and not picking up the repair cost

### Abstract

It's high time Australia changed its current road user charges for trucks. The shortfall between the charges for heavy vehicles and the money spent on things like road system maintenance, construction costs, road crashes involving heavy trucks, emissions, pollution and urban road congestion amounts to a taxpayer subsidy for the industry of at least A\$3 billion per annum. The current charges, like those of cars, rely only on annual registration fees and fuel taxation. Instead Australia should be following the lead of New Zealand, Switzerland and some other European countries and introducing a charge system based on mass and distance. There have been many inquiries over the years into changing the system, and there's yet another one underway by the National Transport Commission and the federal government. In the meantime, heavy vehicle charges have been frozen at 2015-16 levels for an initial two-year period.

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# THE CONVERSATION

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## Trucks are destroying our roads and not picking up the repair cost

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A fully loaded semitrailer can cause 10,000 times more damage to roads than a family car. AAP Image/Dan Himbrechts

It's high time Australia changed its current road user charges for trucks. The shortfall between the charges for heavy vehicles and the money spent on things like road system maintenance, construction costs, road crashes involving heavy trucks, emissions, pollution and urban road congestion amounts to a taxpayer subsidy for the industry of at least A\$3 billion per annum.

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countries and introducing a charge system based on mass and distance.

There have been many inquiries over the years into changing the system, and there's yet another one underway by the National Transport Commission and the federal government. In the meantime, heavy vehicle charges have been frozen at 2015-16 levels for an initial two-year period.

### **The costs of heavy vehicles**

In Australia, the road user charges for trucks are currently determined on a national basis by the National Transport Commission. The annual registration fees depend on factors including the number of axles and gross vehicle mass.

By way of example, the current annual fee for a six axle semitrailer is A\$6,334 and for a nine axle B-Double is A\$15,016. With rebates, most trucks pay fuel excise of 25.9 cents per litre (this will change to 24.8 cents per litre on 1 July), whilst motorists pay 40.1 cents per litre.

The registration fee seems steep. However, a B-Double can cause, per kilometre travelled, 20,000 times the road wear and tear that a family car does.

In New Zealand a heavy six axle semitrailer pays 56 cents NZ (about 52 Australian cents) per kilometre in mass distance charges. In Australia, the same truck hauling 100,000 km a year or more pays registration and fuel road user charges of less than 17 cents per kilometre.

New Zealand's road user charges, which are mostly made up of mass distance charges levied on heavy truck operations, account for some 37% of all revenue to their land transport fund.

In Australia, National Transport Commission data shows that in 2014-15, heavy vehicle operators paid combined road user charges and registration fees revenues of about A\$3 billion. However this only makes up about 12.5% of all government outlays on roads that are now over \$24 billion per annum.

It's hard to see why Australian charges for heavy vehicles should continue to be set at about one third of the respective New Zealand charges. Also it's not the hard working truck driver who benefits from these subsidies, but those companies who choose to consign big loads by road.

### **Low charges increasing traffic**

The ongoing hidden subsidies for heavy long distance trucks is one reason why there has been a steady drift from rail to road for interstate freight.

By way of example, more than 15 million tonnes per annum of freight is now moved between Sydney and Melbourne, by more than 3,000 B-Doubles and semi-trailers each day and night. On this corridor, rail now moves about 2% of intercapital city freight in containers along with some steel and other bulk freight. This has decrease since the early 1990s, when rail had over 20% of Melbourne-Sydney freight

The decision of Shell Oil in 2009 to cease using rail for long haul movement of petroleum products in New South Wales and to use B-Doubles is yet another shift. It was in part due to the subsidies for most B-double operations, along with ongoing concessions to mass and dimension limits for heavy trucks, leading to heavier and larger trucks.

There have been some minor changes in road user charges for truck over time. However even modest increases have been successfully opposed by the road freight industry, meaning this situation of under-recovery of road system costs has persisted for decades.

Although the necessary reform has proved to be difficult in Australia, there are indications some changes may start to happen.

In July 2016, the Victorian government requested the National Transport Commission review how road costs are allocated for heavy trucks. At the same time the South Australian Premier, Jay Wetherill, called for a national heavy vehicle road-user charging system, run by the Commonwealth. In this proposed system state-based registration and federal based fuel-excise charges would be replaced by a charging system based on mass, distance and location.

In August of that year, Urban Infrastructure Minister Paul Fletcher suggested that trucks weighing more than 4.5 tonnes should pay road user charges that more accurately reflect the damage they do to our roads, with the option of establishing an independent price regulator.

With Australia's population growing, road outlays now costing more than A\$24 billion per year. Road congestion is due to cost over A\$20 billion a year by 2020. This means real progress on road pricing reform for heavy trucks is now long overdue.

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